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3 SENATE FINANCE AND TAXATION EDUCATION COMMITTEE SUBSTITUTE FOR
4 SB158

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9 SYNOPSIS: This bill would establish an income tax
10 credit for eligible taxpayers who incur costs for
11 the construction, acquisition, or installation of a
12 qualified storm shelter, as defined.

13
14 A BILL
15 TO BE ENTITLED
16 AN ACT

17
18 Relating to taxation; to provide an income tax
19 credit for the construction, acquisition, or installation of a
20 qualified storm shelter.

21 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

22 Section 1. (a) As used in this act, the following
23 terms shall have the following meanings:

24 (1) MANUFACTURED HOME. Any structure built to the
25 Manufactured Home Construction and Safety Standards that
26 displays a red certification label on the exterior of each
27 transportable section.

1 (2) SINGLE FAMILY RESIDENCE BUILDING. A structure
2 designed according to the International Residential Codes or
3 its predecessor codes.

4 (3) PRIMARY RESIDENCE. Any manufactured home or
5 single family residence building that is the legal residence
6 of the taxpayer and is used for purposes of the taxpayer's
7 income tax calculation.

8 (4) QUALIFIED STORM SHELTER. A storm shelter or safe
9 room to which all of the following apply:

10 a. The design is capable of withstanding an EF5
11 tornado.

12 b. The shelter or room is placed in service as an
13 attachment to the taxpayer's primary residence, or on the same
14 lot or parcel as the residence, and no other qualified storm
15 shelter is attached to the residence or on the lot.

16 c. The shelter or room meets or exceeds the most
17 recent Federal Emergency Management Agency minimum criteria
18 for the design, construction, and operation of residential
19 safe rooms.

20 d. The shelter or room is built on the site of the
21 taxpayer's primary residence or is manufactured offsite and
22 installed on the site of the taxpayer's primary residence.

23 (b) (1) An Alabama income tax credit is established
24 for eligible taxpayers who incur costs for the construction,
25 acquisition, or installation of a qualified storm shelter in
26 the state. Except as provided in subdivision (2), the tax
27 credit shall equal three thousand dollars (\$3,000) or 50

1 percent of the total cost of the construction, acquisition,
2 and installation of the qualified storm shelter, whichever is
3 lesser.

4 (2) When a person incurs the cost to construct,
5 acquire, or install a qualified storm shelter on a property
6 owned by another person, the person shall be eligible for a
7 tax credit equal to four thousand five hundred dollars
8 (\$4,500) or 75 percent of the total cost of the construction,
9 acquisition, and installation of the qualified storm shelter,
10 whichever is lesser.

11 (3) The tax credit must be taken in the earliest tax
12 year in which the shelter was placed into service.

13 (c) The tax credit issued under this act may not
14 decrease a taxpayer's tax liability to less than zero. The tax
15 credit is not refundable or transferable. The taxpayer
16 applying for the tax credit shall apply for the tax credit for
17 the year in which the storm shelter was acquired, constructed,
18 or installed.

19 (d) The Department of Revenue shall grant the tax
20 credit against the state income tax that is due by the
21 taxpayer holding the tax credit certificate issued under
22 subsection (f) in the amount stated on the tax credit
23 certificate. The department may audit and reassess any credit
24 improperly obtained by the taxpayer, in accordance with the
25 Alabama Taxpayers' Bill of Rights and Uniform Revenue
26 Procedures Act under Chapter 2A of Title 40, Code of Alabama
27 1975.

1 (e) The tax credit authorized by this act is limited
2 to an aggregate amount of two million dollars (\$2,000,000)
3 annually.

4 (f) Prior to claiming the income tax credit
5 authorized under subsection (b), the taxpayer shall apply for
6 the certification of the credit with the Alabama Emergency
7 Management Agency by providing the documents reflecting the
8 costs for construction, acquisition, or installation of the
9 qualified storm shelter, along with the necessary documents to
10 show that the storm shelter meets the qualifications of a
11 qualified storm shelter as provided under this act. The
12 Alabama Emergency Management Agency shall review the documents
13 and provide certification to the taxpayers who meet the
14 qualifications of the qualified storm shelter. The
15 certification shall also include the total qualifying cost of
16 construction, acquisition, and installation of a qualified
17 storm shelter. In the event the reservations of tax credits
18 equal the total amount available for reservations during the
19 tax year, all eligible taxpayers with applications then
20 awaiting approval or thereafter submitted shall be notified by
21 the Alabama Emergency Management Agency that no additional tax
22 credits shall be granted during that tax year.

23 (g) The Alabama Emergency Management Agency shall
24 prepare a report detailing the number of qualified storm
25 shelters constructed, acquired, and installed and the amount
26 of tax credits claimed under this act. The information on the
27 report shall be consistent with the information required under

1 Section 40-1-50, Code of Alabama 1975, and rules adopted by
2 the Department of Revenue. Information provided under this
3 section is exempt from the confidentiality provisions of
4 Section 40-2A-10, Code of Alabama 1975, and shall be provided
5 by the Alabama Emergency Management Agency to the Legislature
6 in accordance with Section 40-1-50, Code of Alabama 1975, and
7 rules adopted by the Department of Revenue.

8 (h) The Alabama Emergency Management Agency may
9 adopt rules necessary to implement and administer this act.

10 (i) The tax credit allowed under this section shall
11 be effective January 1, 2020, for the 2020 taxable year, and
12 shall continue through the 2023 tax year, unless continued by
13 an act of the Legislature.

14 Section 2. This act shall become effective on the
15 first day of the third month following its passage and
16 approval by the Governor, or its otherwise becoming law.